

Village of Almont

Lapeer County, Michigan

Audited Financial Report
June 30, 2004

Lehn L. King

Certified Public Accountant
Marlette, Michigan

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other Almont		County Lapeer
Audit Date 06/30/2004	Opinion Date 08/29/04	Date Accountant Report Submitted to State: 09/29/04

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

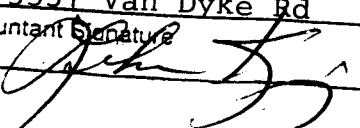
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 256 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Lehn L. King, CPA			
Street Address 3531 Van Dyke Rd		City Marlette	State MI
Accountant Signature 		ZIP 48453	

Village of Almont
Annual Financial Report
For The Fiscal Year Ended June 30, 2004

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Honorable Village Council
Village of Almont
Lapeer County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Almont, Michigan as of and for the year ended June 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Almont, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Almont, Michigan as of June 30, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Almont, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2003.

Lehn King

Lehn L. King
Certified Public Accountant

August 20, 2004

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2004

Management's Discussion & Analysis

This discussion of the Village of Almont financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Village's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Individual fund financial statements tell how these services were financed in the short term, as well as what remains for the future spending. Fund financial statements also report the Village's operation in more detail than the government wide financial statements.

The Village as a Whole

The following table shows in a condensed format, the net assets as of the current date and compared to the prior year's net assets. Comparative data is not available for assets and liabilities due to the change in accounting formats for the fiscal year ending June 30, 2004 (see note one in the notes to the financial statements).

	Governmental Activities		Business-Type Activities		Total	
	6/30/2004	6/30/2003	6/30/2004	6/30/2003	6/30/2004	6/30/2003
Current Assets	\$ 1,774,193	\$	\$ 323,222	\$	\$ 2,097,415	\$
Noncurrent Assets	1,569,699		8,037,390		9,607,089	
Total Assets	3,343,892		8,360,612		11,704,504	
Current Liabilities	403,160		172,446		575,606	
Noncurrent Liabilities	1,402,106		2,105,000		3,507,106	
Total Liabilities	1,805,266		2,277,446		4,082,712	
Net Assets:						
Invested in Capital Assets -						
Net of Related Debt	(129,537)		5,932,390		5,802,853	
Restricted	838,078		0		838,078	
Unrestricted	830,085		150,776		980,861	
Total Net Assets	\$ 1,538,626	\$ 1,440,178	\$ 6,083,166	\$ 6,113,320	\$ 7,621,792	\$ 7,553,498

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2004

The Village's combined net assets increased 0.91% from \$7,553,498 to \$7,621,792. As we look at the governmental activities separately from the business type (water & sewer) we can see that the governmental activities experienced an increase of approximately \$98,448 during the year (a 6.84% increase). The business-type activities (water & sewer) experienced a \$30,154 decrease in net assets, due to the completion of the equalization basin at the Waste Water Treatment Plant.

The following table shows the changes of the net assets during the current year:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u> <u>2003-2004</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 622,893	\$ 645,793	\$ 1,268,686
Operating Grants & Cont's	209,537	0	209,537
Capital Grants & Cont's	126,138	81,532	207,670
General Revenues:			
Property Taxes	953,227	0	953,227
State-Shared Revenues	298,009	0	298,009
Interest	13,527	2,242	15,769
Other Revenues	68,467	0	68,467
Transfers	(169,768)	169,768	0
Total Revenues	2,122,030	899,335	3,021,365
Program Expenses			
General Government	\$ 454,364	\$ 0	\$ 454,364
Public Safety	596,348	0	596,348
Public Works	818,953	0	818,953
Recreation & Culture	17,837	0	17,837
Interest on Long-Term Debt	136,080	0	136,080
Water & Sewer	0	929,489	929,489
Total Program Expenses	2,023,582	929,489	2,953,071
Change in Net Assets	\$ 98,448	\$ (30,154)	\$ 68,294

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2004

Governmental Activities

The Village's total governmental revenues was \$2,122,030, This is a slight increase from last year and was impacted by reduced State Revenue Sharing and by the Headlee amendment and Proposition 2 property tax cap.

Governmental activity expenditures of \$2,023,582 were recorded for the year. The increase was due to negotiated union contracts, increased energy costs and increased health insurance costs.

To control costs and maintain a balanced budget the following programs were eliminated: annual sidewalk replacement, annual tree trimming and part-time summer help.

The Village closely monitored overtime and capital and operational purchasing.

Business-Type Activities

The Village of Almont purchases water wholesale from the City of Detroit. Detroit's rate decreased 1% for the fiscal year ended June 30, 2004. Water rates were not increased at the retail level. The Village operates an activated sludge Waste Water Treatment Plant and sewage user charge was increased \$0.37 for the fiscal year ended June 30, 2004.

The water and sewer funds both received substantial tap fees due to new construction. These tap fees will be used to offset operating costs.

The Village's Funds

Our analysis of the Village's major funds begins on page 4, following the government wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes, as well to show accountability for certain activities such as Downtown Development Authority, Waste Water Treatment Plant Improvement Debt Service Fund, and M-53 Lead Debt Service Fund. The Village of Almont's major funds for the fiscal year ended June 30, 2004, include the General Fund, Major Streets Funds, Downtown Development Authority, Waste Water Plant Debt Service Fund, Water System Improvement Debt Service Fund, Waste Water Treatment Plant Improvement Project Debt Service Fund, and Waste Water Treatment Plant Improvement Capital Project Fund.

The General Fund accounts for most of the Village's governmental services. The most significant is police, which incurred expenses totaling \$553,418, of which \$156,735 was reimbursed by Almont Township. The equipment fund is used to account for capital outlay expenditures.

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2004

General Fund Budgetary Highlights

Over the course of the year, the Village Council and administration monitored and amended the budget to take into account unanticipated events during the year. The most significant change was a decrease in State Shared Revenue in addition to the Headlee and Proposal A cap on general operating tax revenue. Village departments overall stayed below budget resulting in the General Fund's fund balance to increase from \$142,474 to \$181,154.

Capital Asset and Debt Administration

The Village of Almont had \$3,936,309 invested in a wide range of capital assets, including land, buildings, police equipment, office equipment, and water and sewer lines as of June 30, 2004. Also, the Village has significantly invested in a Waste Water Treatment Plant, major and local streets, and sidewalks. The value of the capital assets, net of depreciation contained in this report is \$9,607,089. Included in the infrastructure assets is the new \$2.35 million Waste Water Treatment Plan equalization basin.

Economic Factors and Next Year's Budgets and Rates

Debt reported in these financial statements is related to the construction above mentioned infrastructure assets and buildings and is reported as a liability on the statements of net assets (see note 7 of the notes to the basic financial statements). The City of Detroit did not increase the wholesale rate this year and our unaccounted for water is low. The Sewer Fund is in good shape. In the fiscal year ended June 30, 2005, the Sanitary Sewage overflow user charge will be reduced \$0.80 per 1,000 gallons as a result of an E.P.A. grant. We do not anticipate a water or sewer rate increase for the next year. However, all funds will have to be closely monitored, and a mid-year water and sewer increase is possible.

A major consideration for the Village's next year budget planning is the 2005 expiration of the police union and general employees' union contracts and also the Almont Township police services contract.

Contacting the Village of Almont's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village of Almont's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the administration at the village hall.

Village of Almont
Statement of Net Assets (Deficit)
June 30, 2004

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 1,660,297	\$ 185,467	\$ 1,845,764
Accounts Receivable	63,889	137,755	201,644
Due From Other Governmental Units	50,007	0	50,007
Capital Assets			
Nondepreciable Capital Assets	357,000	100	357,100
Depreciable Capital Assets	<u>1,212,699</u>	<u>8,037,290</u>	<u>9,249,989</u>
Total Assets	3,343,892	8,360,612	11,704,504
<u>Liabilities</u>			
Accounts Payable	56,030	35,773	91,803
Due To Other Governmental Units	50,000	4,600	54,600
Accrued Interest Payable	41,253	57,073	98,326
Current Portion of Long-Term Debt	255,877	75,000	330,877
Noncurrent Liabilities:			
Long-Term Debt	<u>1,402,106</u>	<u>2,105,000</u>	<u>3,507,106</u>
<u>Total Liabilities</u>	<u>1,805,266</u>	<u>2,277,446</u>	<u>4,082,712</u>
Net Assets (Deficit)			
Invested in Capital Assets - Net of Related Debt	(129,537)	5,932,390	5,802,853
Restricted:			
Reserved for Capital Projects	584,373	0	584,373
Reserved for Debt Service	195,785	0	195,785
Reserved for Homecoming	23,219	0	23,219
Reserved for Park	34,701	0	34,701
Unrestricted	<u>830,085</u>	<u>150,776</u>	<u>980,861</u>
<u>Total Net Assets (Deficit)</u>	<u>\$ 1,538,626</u>	<u>\$ 6,083,166</u>	<u>\$ 7,621,792</u>

The notes are an integral part of the statements.

Village of Almont
Statement of Activities
For the Year Ended June 30, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions		Governmental Activities	Primary Government Business-type Activities	
			Operating Grants & Contributions	Capital Grants & Contributions		Activities	Totals
Primary Government:							
General Government	\$ 454,364	\$ 191,946	\$ 0	\$ 0	\$ (262,418)	\$ 0	\$ (262,418)
Public Safety	596,348	184,069	36,261	0	(376,018)	0	(376,018)
Public Works	818,953	246,878	167,212	126,138	(278,725)	0	(278,725)
Recreation & Culture	17,837	0	6,064	0	(11,773)	0	(11,773)
Interest on Long-Term Debt	136,080	0	0	0	(136,080)	0	(136,080)
Total Governmental Activities	2,023,582	622,893	209,537	126,138	(1,065,014)	0	(1,065,014)
Business-type Activities	929,489	645,793	0	81,532	0	(202,164)	(202,164)
Total Primary Government	\$ 2,953,071	\$ 1,268,686	\$ 209,537	\$ 207,670	\$ (1,065,014)	\$ (202,164)	\$ (1,267,178)
General Revenues:							
Property Taxes					\$ 953,227	\$ 0	\$ 953,227
State Shared Revenues					298,009	0	298,009
Interest					13,527	2,242	15,769
Other Revenues					68,467	0	68,467
Transfers					(169,768)	169,768	0
Total General Revenues, Special Items & Transfers					1,163,462	172,010	1,335,472
Change in Net Assets					98,448	(30,154)	68,294
Net Assets (Deficit) - Beginning of Year					1,440,178	6,113,320	7,553,498
Net Assets (Deficit) - End of Year					\$ 1,538,626	\$ 6,083,166	\$ 7,621,792

The notes are an integral part of the statements.

Village of Almont
Balance Sheet
Governmental Funds
June 30, 2004

<u>Assets</u>	General Fund	Major Streets Fund	Downtown Development Authority Fund	Waste Water Debt Service Fund	Water System Improvement Debt Service Fund	W.W.T.P.		W.W.T.P. Improvement Project Debt Service Fund	W.W.T.P. Improvement Project Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
						Improvement Project Debt Service Fund	Improvement Project Fund				
Cash & Cash Equivalents	\$ 258,560	\$ 116,406	\$ 239,043	\$ 12,661	\$ 6,977	\$ 141,104	\$ 590,223	\$ 21,835	\$ 1,386,809		
Accounts Receivable	14,022	0	0	947	627	33,469	0	0	49,065		
Due From Other Funds	7	0	0	0	0	0	0	0	7		
<u>Total Assets</u>	<u>\$ 272,589</u>	<u>\$ 116,406</u>	<u>\$ 239,043</u>	<u>\$ 13,608</u>	<u>\$ 7,604</u>	<u>\$ 174,573</u>	<u>\$ 590,223</u>	<u>\$ 21,835</u>	<u>\$ 1,435,881</u>		
<u>Liabilities & Fund Equity</u>											
<u>Liabilities</u>											
Accounts Payable	\$ 41,435	\$ 3,955	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,850	\$ 3,006	\$ 54,246		
Due To Other Funds	50,000	0	0	0	0	0	0	0	50,000		
<u>Total Liabilities</u>	<u>91,435</u>	<u>3,955</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,850</u>	<u>3,006</u>	<u>104,246</u>		
<u>Fund Equity</u>											
Fund Balances:											
Reserved for Capital Projects	0	0	0	0	0	0	584,373	0	584,373		
Reserved for Debt Service	0	0	0	13,608	7,604	174,573	0	0	195,785		
Reserved for Homecoming	23,219	0	0	0	0	0	0	0	23,219		
Reserved for Park	34,701	0	0	0	0	0	0	0	34,701		
Unreserved - Undesignated	123,234	112,451	239,043	0	0	0	0	18,829	493,557		
<u>Total Fund Equity</u>	<u>181,154</u>	<u>112,451</u>	<u>239,043</u>	<u>13,608</u>	<u>7,604</u>	<u>174,573</u>	<u>584,373</u>	<u>18,829</u>	<u>1,331,635</u>		
<u>Total Liab. & Fund Equity</u>	<u>\$ 272,589</u>	<u>\$ 116,406</u>	<u>\$ 239,043</u>	<u>\$ 13,608</u>	<u>\$ 7,604</u>	<u>\$ 174,573</u>	<u>\$ 590,223</u>	<u>\$ 21,835</u>	<u>\$ 1,435,881</u>		

The notes are an integral part of the statements.

Village of Almont
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended June 30, 2004

Total Fund Balances for Governmental Funds & Equipment Fund	\$ 1,867,058
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:	
Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	1,370,804
Long-term bonds payable are not due and payable in the current period and are not reported in the Funds	(1,657,983)
Accrued Interest Payable is not reported in the Funds	<u>(41,249)</u>
Net Assets of Governmental Activities	<u><u>\$ 1,538,630</u></u>

The notes are an integral part of the statements.

Village of Almont

Statement of Revenues, Expenditures And Changes in Fund Balances Governmental Funds

For The Year Ended June 30, 2004

Revenues	W.W.T.P.									
	General Fund	Major Streets Fund	Downtown Development Authority Fund	Waste Water Debt Service Fund	Water System Improvement Debt Service Fund	Improvement Project Debt Service Fund	W.W.T.P. Improvement Project Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
Property Taxes	\$ 576,531	\$ 0	\$ 136,322	\$ 166,349	\$ 74,025	\$ 0	\$ 0	\$ 0	\$ 953,227	
Intergovernmental Revenues	298,009	118,470	0	0	0	0	0	48,742	465,221	
Licenses, Permits, & Fees	55,521	0	0	0	0	0	0	27,334	82,855	
Charges for Services	233,484	0	0	0	0	170,129	0	0	403,613	
Interest Earnings	2,331	1,843	1,364	426	91	630	5,142	341	12,168	
Grant Proceeds	0	0	0	0	0	0	126,138	0	126,138	
Other Revenues	106,586	0	125	0	0	2,681	0	0	109,392	
Total Revenues	1,272,462	120,313	137,811	166,775	74,116	173,440	131,280	76,417	2,152,614	
Expenditures										
General Government	323,113	0	0	0	0	0	0	0	323,113	
Public Safety	568,373	0	0	0	0	0	0	26,076	594,449	
Public Works	295,530	57,421	69,539	506	420	468	0	36,724	460,608	
Recreation & Culture	17,837	0	0	0	0	0	0	0	17,837	
Capital Outlay	0	20,643	53,121	0	0	0	0	34,596	108,360	
Construction & Development	0	0	0	0	0	0	328,011	0	328,011	
Debt Service:										
Principal	0	0	73,160	150,000	40,000	0	0	22,742	285,902	
Interest	0	0	7,491	35,445	42,555	0	0	9,340	94,831	
Total Expenditures	1,204,853	78,064	203,311	185,951	82,975	468	328,011	129,478	2,213,111	
Excess of Revenues Over (Under) Expenditures	67,609	42,249	(65,500)	(19,176)	(8,859)	172,972	(196,731)	(53,061)	(60,497)	
Other Financing Sources (Uses)										
Transfers In (Out)	(28,929)	(10,395)	0	0	0	(175,653)	(214)	45,415	(169,776)	
Net Change in Fund Balances	38,680	31,854	(65,500)	(19,176)	(8,859)	(2,681)	(196,945)	(7,646)	(230,273)	
Fund Balances - Beginning of Year	142,474	80,597	304,543	32,784	16,463	177,254	781,318	26,475	1,561,908	
Fund Balances - End of Year	\$ 181,154	\$ 112,451	\$ 239,043	\$ 13,608	\$ 7,604	\$ 174,573	\$ 584,373	\$ 18,829	\$ 1,331,635	

The notes are an integral part of the statements.

Village of Almont
Governmental Funds
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds & Equipment Fund \$ (211,875)

Amounts reported for Governmental Activities in the Statement of
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
in the Statement of Activities, these costs are capitalized and
allocated over their estimated useful lives as Depreciation 108,360

Repayment of Bond Principal is an Expenditure in the Governmental
Funds, but not in the Statement of Activities (where it
reduces Long-Term Debt) 285,902

Interest Expense is reported in the Statement of Activities
when a Liability is incurred; they are reported in the
Governmental Funds only when payment is due (41,249)

Depreciation is an Expenditure for the Statement of
Activities, but is not reported in the Governmental Funds (42,686)

Net Assets of Governmental Activities \$ 98,452

The notes are an integral part of the statements.

Village of Almont
Statement of Net Assets (Deficit)
Proprietary Funds
June 30, 2004

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
<u>Assets</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
				<u>Equipment</u>
<u>Current Assets</u>				
Cash & Cash Equivalents	\$ 33,496	\$ 151,971	\$ 185,467	\$ 273,488
Accounts Receivable	79,031	58,724	137,755	14,824
Due From Other Funds	0	0	0	50,000
<u>Total Current Assets</u>	112,527	210,695	323,222	338,312
<u>Noncurrent Assets</u>				
Capital Assets not being Depreciated	100	0	100	0
Capital Assets being Depreciated	7,969,844	2,405,435	10,375,279	540,219
Less: Accumulated Depreciation	(1,668,927)	(669,062)	(2,337,989)	(341,325)
<u>Total Noncurrent Assets</u>	6,301,017	1,736,373	8,037,390	198,894
Total Assets	6,413,544	1,947,068	8,360,612	537,206
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	12,034	23,739	35,773	1,784
Due To Other Funds	0	0	0	0
Due To Others	0	4,600	4,600	0
Accrued Interest Payable	57,073	0	57,073	0
Current Portion of Long-Term Debt	75,000	0	75,000	0
Total Current Liabilities	144,107	28,339	172,446	1,784
<u>Long-Term Liabilities</u>				
Bonds Payable	2,105,000	0	2,105,000	0
Total Liabilities	2,249,107	28,339	2,277,446	1,784
<u>Net Assets</u>				
Invested in Capital Assets Net of Related Debt	4,196,017	1,736,373	5,932,390	198,894
Unrestricted	(31,580)	182,356	150,776	336,529
<u>Total Net Assets</u>	<u>\$ 4,164,437</u>	<u>\$ 1,918,729</u>	<u>\$ 6,083,166</u>	<u>\$ 535,423</u>

Village of Almont
Statement of Revenues, Expenses, And Changes in Net Assets
Proprietary Funds
June 30, 2004

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
				<u>Equipment</u>
<u>Operating Revenues</u>				
User Charges & Penalties	\$ 318,597	\$ 244,307	\$ 562,904	\$ 0
Service Connection Charges	40,759	42,130	82,889	0
Equipment Rental	0	0	0	136,425
<u>Total Operating Revenues</u>	<u>359,356</u>	<u>286,437</u>	<u>645,793</u>	<u>136,425</u>
<u>Operating Expenses</u>				
Cost of Water	0	124,943	124,943	0
Operation & Maintenance	279,577	150,318	429,895	82,003
General & Administration	23,353	11,991	35,344	500
Depreciation	135,656	45,925	181,581	38,291
<u>Total Operating Expenses</u>	<u>438,586</u>	<u>333,177</u>	<u>771,763</u>	<u>120,794</u>
<u>Operating Income (Loss)</u>	(79,230)	(46,740)	(125,970)	15,631
<u>Nonoperating Revenues (Expenses)</u>				
Interest Earned	429	1,813	2,242	1,359
Interest Expense	(157,726)	0	(157,726)	0
Sale of Capital Assets	0	0	0	1,400
Capital Contribution	81,532	0	81,532	0
Transfers From (To) Other Funds	169,768	0	169,768	8
Change in Net Assets	14,773	(44,927)	(30,154)	18,398
<u>Net Assets - Beginning of Year</u>	<u>4,149,664</u>	<u>1,963,656</u>	<u>6,113,320</u>	<u>517,025</u>
<u>Net Assets - End of Year</u>	<u>\$ 4,164,437</u>	<u>\$ 1,918,729</u>	<u>\$ 6,083,166</u>	<u>\$ 535,423</u>

Village of Almont
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2004

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
				<u>Equipment</u>
<u>Cash Flow From Operating Activities</u>				
Receipts from Customers	\$ 356,522	\$ 288,372	\$ 644,894	\$ 133,678
Payments for Operation, Maintenance, & Water	(275,436)	(283,714)	(559,150)	(81,407)
Payments for General & Administration	(23,353)	(11,991)	(35,344)	(500)
<u>Net Cash Provided by Operating Activity</u>	<u>57,733</u>	<u>(7,333)</u>	<u>50,400</u>	<u>51,771</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Operating Transfers In (Out)	169,768	0	169,768	8
Received "Due From Other Funds"	(35,819)	(45,579)	(81,398)	58,220
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>133,949</u>	<u>(45,579)</u>	<u>88,370</u>	<u>58,228</u>
<u>Cash Flows from Capital & Related Financing Activities</u>				
Interest Expense	(100,653)	0	(100,653)	0
Receipt of Capital Contributions	81,532	0	81,532	0
Net Proceeds from Issuance of Long-Term Debt	2,180,000	0	2,180,000	0
Purchase of Capital Assets	(2,336,532)	(20,317)	(2,356,849)	(36,039)
Sale of Fixed Assets	0	0	0	1,400
<u>Net Cash Provided by Capital & Related Financing Activities</u>	<u>(175,653)</u>	<u>(20,317)</u>	<u>(195,970)</u>	<u>(34,639)</u>
<u>Cash Flows From Investing Activities</u>				
Increase in Customer Deposits	0	100	100	0
Interest received on Investments	429	1,813	2,242	1,359
<u>Net Increase (Decrease) in Cash & Cash Equivalents</u>	<u>16,458</u>	<u>(71,316)</u>	<u>(54,858)</u>	<u>76,719</u>
<u>Cash & Cash Equivalents - Beginning of Year</u>	<u>17,038</u>	<u>223,287</u>	<u>240,325</u>	<u>196,769</u>
<u>Cash & Cash Equivalents - End of Year</u>	<u>\$ 33,496</u>	<u>\$ 151,971</u>	<u>\$ 185,467</u>	<u>\$ 273,488</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u>				
Operating Income (Loss)	(79,230)	(46,740)	(125,970)	15,631
Adjustments to Reconcile Operating Income (Loss) from Operating Activities:				
Depreciation	135,656	45,925	181,581	38,291
Changes in Assets & Liabilities:				
Receivables	(2,834)	1,935	(899)	(2,747)
Accounts Payable	4,141	(8,453)	(4,312)	596
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 57,733</u>	<u>\$ (7,333)</u>	<u>\$ 50,400</u>	<u>\$ 51,771</u>

Village of Almont
Statement of Net Assets (Deficit)
Fiduciary Funds
June 30, 2004

	Trust & Agency Fund	Totals June 30, 2004
<u>Assets</u>		
Cash & Cash Equivalents	\$ 20,312	\$ 20,312
<u>Total Assets</u>	<u>\$ 20,312</u>	<u>\$ 20,312</u>
<u>Liabilities</u>		
Due To Other Funds	\$ 7	\$ 7
Amounts held in Escrow	<u>20,305</u>	<u>20,305</u>
<u>Total Liabilities</u>	<u>20,312</u>	<u>20,312</u>
<u>Fund Balance</u>		
Fund Balance	<u>0</u>	<u>0</u>
<u>Total Liab. & Fund Balance</u>	<u>\$ 20,312</u>	<u>\$ 20,312</u>

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

The accounting methods and procedures adopted by the Village of Almont, Lapeer County, Michigan, conform to Generally Accepted Accounting Principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Village's Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Village of Almont was incorporated under the laws of the State of Michigan in 1855 and has operated since 1968 under a Homerule Village-Council Manager form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Village (the primary government) and its component units. The component units discussed below are included in the Village reporting entity because of the significance of their operational or financial relationships with the Village.

Component Units - In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units.

Blended Component Units - The Downtown Development Authority (DDA) of the Village of Almont, an entity legally separate from the Village, is governed by an eleven-member board appointed by the Village Council. For financial reporting purposes, the DDA is reported as if it were part of the Village's operations because its purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Village (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund - The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Streets Fund - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as "major" within the Village. Funding is provided primarily through State-shared gas and weight

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

taxes.

Downtown Development Authority Fund (a Special Revenue Fund type) – The Downtown Development Authority's purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

Waste Water Debt Service Fund - The fund accounts for all debt payments made regarding the bond for the Lapeer County Wastewater Treatment System originally issued February 1, 1993.

Water System Improvement Debt Service Fund - The fund accounts for all debt payments made regarding the improvement bond for the Village of Almont Water Supply System originally issued May 1, 1996.

W.W.T.P. Improvement Project Debt Service Fund - The fund accounts for all debt payments made regarding the improvement project for the Lapeer County Sewage Disposal Bonds originally issued February 5, 2002.

W.W.T.P. Improvement Project Fund - The fund accounts for construction of the W.W.T.P. Improvement Project. Funding is provided primarily from grant proceeds.

The Village reports the following major Enterprise Funds & Internal Service Fund:

Water Fund - The Water Fund accounts for the activities of the water distribution system. Funding is provided primarily through user charges.

Sewer Fund - The Sewer Fund accounts for the activities of the sewage disposal system. Fund is provided primarily through user charges.

Equipment Fund (Internal Service Fund) – This fund was established to account for the financing of goods or services provided by one department to other departments of the Village on a cost-reimbursement basis.

Additionally, the Village reports the following fund types:

Agency Funds - The Agency Funds account for assets held by the Village in a trustee capacity or as an agent for individuals, organizations, or other governments.

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Village. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

Cash - The Village does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Village's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Village to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & Other Compensated Absences - Vacation days are earned by employees at a rate from 10 to 25 days per year with unused days at year-end being forfeited.

Sick days are earned by employees at a rate of one day per month during the year. A maximum of 30 unused sick days may be accumulated by an employee. No provision has been made for accumulated sick pay liability since the amount is immaterial to the financial statements taken as a whole.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Inventories and supplies held by the Water Fund and the Sewer Fund, which are immaterial in amount, have not been recognized. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$1000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Water & Sewer Distribution Systems	20 to 75 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Changes

GASB Statement No. 34 – Effective July 1, 2003, the Village implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Village's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Village's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Village's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Village as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Village is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds, Debt Service Funds, Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

6. Expenditures cannot be made unless authorized in the budget.

7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Village actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Village Council as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the major Special Revenue Funds, Debt Service Funds, and Capital Project Funds are presented in the required supplemental information.

During the year ended June 30, 2004, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Street Lighting	\$ 19,000	\$ 22,060	\$ 3,060
Planning & Zoning	7,468	14,955	7,487
Major Streets Fund			
Equipment Rental	22,000	30,522	8,522
Downtown Development Authority			
Infrastructure - Debt Service	40,326	80,651	40,325
W.W.T.P. Improvement Project Fund			
Construction	320,507	328,011	7,504

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary - Trust & Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 1,660,297	\$ 185,467	\$ 20,312	\$ 1,866,076

The Village's deposits are in accordance with statutory authority. As of June 30, 2004 the balance sheet carrying amount of cash deposits was \$1,866,075. The bank balance as of June 30, 2004 was \$1,866,075, of which \$300,000 was covered by FDIC insurance.

All cash deposits and investments of the Village are held by the Village in the Village's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Risk Categorized		NONE			
Operating Funds					
US Treasury Bonds					
Investment in Deferred					
Compensation Plans					
Total Risk-Categorized					
Investments					

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Village or its agent in the Village's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

4. Capital Assets

Capital Assets activity of the Village's governmental activities (and business-type) was as follows:

	Balance July 1, 2003	Additions	Disposals & Adjustments	Balance June 30, 2004
Governmental Activities:				
Capital Assets not being Depreciated - Land	\$ 27,000	\$ 0	\$ 0	\$ 27,000
- DDA	330,000	0	0	330,000
Capital Assets Being Depreciated:				
Infrastructure	335,318	55,239	0	390,557
Infrastructure - DDA	528,987	0	0	528,987
Buildings & Building Improvements	354,534	0	0	354,534
Machinery & Equipment	74,958	0	0	74,958
Office Equipment	40,063	0	0	40,063
Equipment - Internal Service Fund	543,255	36,039	39,075	540,219
Total Capital Assets being Depreciated	1,877,115	91,278	39,075	1,929,318
Accumulated Depreciation:				
Infrastructure	113,606	2,210	0	115,816
Infrastructure - DDA	40,908	14,711	0	55,619
Buildings & Building Improvements	96,415	8,864	0	105,279
Machinery & Equipment	64,144	1,899	0	66,043
Office Equipment	30,948	1,590	0	32,538
Equipment - Internal Service Fund	342,109	38,291	39,075	341,325
Total Accumulated Depreciation	688,130	67,565	39,075	716,620
Net Capital Assets	<u>\$ 1,188,985</u>	<u>\$ 23,713</u>	<u>\$ 0</u>	<u>\$ 1,212,698</u>
Business-type Activities:				
Capital Assets not being Depreciated - Land	\$ 100	\$ 0	\$ 0	\$ 100
Capital Assets Being Depreciated:				
Sewage Treatment Plant	5,633,312	2,336,532	0	7,969,844
Water Distribution System	2,385,118	20,317	0	2,405,435
Total Capital Assets being Depreciated	8,018,430	2,356,849	0	10,375,279
Accumulated Depreciation:				
Sewage Treatment Plant	1,533,271	135,656	0	1,668,927
Water Distribution System	623,137	45,925	0	669,062
Total Accumulated Depreciation	2,156,408	181,581	0	2,337,989
Net Capital Assets	<u>\$ 5,862,122</u>	<u>\$ 2,175,268</u>	<u>\$ 0</u>	<u>\$ 8,037,390</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 48,745
Public Safety	1,899
Public Works	16,921
Total Governmental Activities	<u>\$ 67,565</u>
Business-type Activities:	
Water Fund	\$ 45,925
Sewer Fund	135,656
Total Business-type Activities	<u>\$ 181,581</u>

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

5. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	Due From Other Funds		Due To Other Funds
Trust & Agency Fund	\$ 7	General Fund	\$ 7
General Fund	<u>50,000</u>	Equipment Fund	<u>50,000</u>
Total	<u><u>\$ 50,007</u></u>		<u><u>\$ 50,007</u></u>

Interfund Transfers reported in the Fund Statements are as follows:

	Transferred From		Transferred To
Major Street Fund	\$ 27,000	Local Street Fund	\$ 27,000
W.W.T.P. Improvement Proj Fund	214	General Fund	214
General Fund	888	Capital Project Fund	888
General Fund	21,074	Municipal Bldg Debt Svc	21,074
General Fund	6,000	M-53 Sewer Leads Debt Svc	6,000
General Fund	1,182	Inspection Fees Fund	1,182
Capital Project Fund	16,605	Major Streets Fund	16,605
Capital Project Fund	115	Sewer Fund	115
Capital Project Fund	8	Equipment Fund	8
W.W.T.P. Improvement Debt Service	175,653	Sewer Fund	175,653
Sewer Fund	<u>6,000</u>	M-53 Sewer Leads Debt Svc	<u>6,000</u>
Total	<u><u>\$ 254,739</u></u>		<u><u>\$ 254,739</u></u>

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

7. Long-Term Debt

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities						
General Obligation Bonds & Contracts						
1993 Lapeer Co. W.W.T.S. Refunding Bonds						
Amount of Issue - \$1,885,000	2.90% -	\$100,000 -				
Maturing through 2007	8.00%	\$170,000	\$ 650,000	\$ (150,000)	\$ 500,000	\$ 170,000
1996 Water Supply System Improv Bond						
Amount of Issue - \$995,000	3.80% -	\$25,000 -				
Maturing through 2015	6.00%	\$85,000	\$ 770,000	\$ (40,000)	\$ 730,000	\$ 40,000
1999 Lapeer Co. M-53 Sewer Leads Sewage Disposal Bonds						
Amount of Issue - \$90,000	3.95% -	\$8,043 -				
Maturing through 2009	5.10%	\$11,555	\$ 68,000	\$ (8,000)	\$ 60,000	\$ 9,000
2002 Installment Purch Contract Payable for Municipal Building Addition						
Amount of Issue - \$170,500						
Maturing through 2011	4.05%	\$21,074	\$ 156,332	\$ (14,742)	\$ 141,590	\$ 15,339
Downtown Development Authority Obligations						
1999 Installment Contracts with Village of Almont DDA for Streetscape Improv.						
Amount of Issue - \$323,043						
Maturing through 2009	4.25%	\$40,325	\$ 91,402	\$ (73,160)	\$ 18,242	\$ 18,242
1996 Horwath Property Land Contract to finance acquisition of Land Purchase						
Amount of Issue - \$25,000						
Maturing through 2003	8.00%	\$4,830	\$ 4,240	\$ (4,240)	\$ 0	\$ 0
1998 Sadler Property Land Contract to finance acquisition of Land Purchase						
Amount of Issue - \$35,840						
Maturing through 2004	10.00%	\$6,598	\$ 6,598	\$ (6,598)	\$ 0	\$ 0
2004 Land Contract Purchase of 125 N. Main Almont, MI						
Due Monthly in installments of \$988.51						
Amount of Issue - \$127,500						
Maturing through 2009	7.00%	\$989	\$ 0	\$ 127,500	\$ 127,500	\$ 3,296
Total Governmental Activities			\$ 1,746,572	\$ (169,240)	\$ 1,577,332	\$ 255,877
Business-type Activities						
General Obligation Bonds & Contracts						
2003 Lapeer Co. Sewage Disposal Bonds W.W.T.P Improvement Project						
Amount of Issue - \$2,255,000	3.75% -	\$75,000 -				
Maturing through 2022	4.90%	175000	\$ 2,255,000	\$ (75,000)	\$ 2,180,000	\$ 75,000
Total Business-type Activities			\$ 2,255,000	\$ (75,000)	\$ 2,180,000	\$ 75,000
Total			\$ 4,001,572	\$ (244,240)	\$ 3,757,332	\$ 330,877

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 237,635	\$ 85,959	\$ 323,594	\$ 75,000	\$ 97,840	\$ 172,840
2005	256,473	73,375	329,848	80,000	94,934	174,934
2006	245,115	59,717	304,832	80,000	91,933	171,933
2007	81,041	46,412	127,453	85,000	88,733	173,733
2008	197,642	41,431	239,073	85,000	85,280	170,280
2009-2013	394,426	105,376	499,802	500,000	364,984	864,984
2014-2018	165,000	10,050	175,050	635,000	235,159	870,159
2018-2022	0	0	0	640,000	65,135	705,135
Total	\$ 1,577,332	\$ 422,320	\$ 1,999,652	\$ 2,180,000	\$ 1,123,998	\$ 3,303,998

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2004

8. Retirement System - Mers Operated

The Village of Almont participated in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirements system (PERS) that is administered by the State of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the constitution of the State of Michigan. The Village has no fiduciary responsibility for the plan.

All full time employees of the Village (other than the Village Manager, Clerk, Police Chief and office employees who are covered by a simplified employee plan) are eligible to participate in the plan immediately upon employment. As of June 30, 2004, the Village had 15 covered employees. Covered payroll for the year then ended was \$604,440.

The plan provides for vesting of benefits after 10 years of service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement of police officers at age 55 with 25 years or more of service.

Election of early retirement is subject to reduction of benefits as outlined below. Participants are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by the sum of 1.5% of their 5-year final average compensation (F.A.C.). The retirement allowance is reduced 1/2% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The Village contributes the necessary amounts to fund the actuarial determined benefits. The Village makes employer contributions in accordance with funding requirements determined by MERS' actuary. The MERS' actuary uses an attained age actuarial funding method. During the year ended June 30, 2004, \$34,079 of Village contributions were made. Employees also contribute to the plan. Benefit provisions and contributions obligations have been established by the Village Council.

As of December 31, 2003, the most recent actuarial report, the actuarial determined unfunded accrued liabilities was in the amount of \$168,204. The non-funded accrued liability is being financed over a period of 32 years.

The simplified employee plan (SEP-IRA) provides annual contributions to each employee SEP-IRA of 5% of annual compensation. The SEP-IRA retirement contributions are 100% vested. Total SEP-IRA contributions for the 2003/2004 fiscal year was in the amount of \$9,831.

12. Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Village has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Required Supplemental Information

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
<u>Taxes</u>				
Current Property Tax	\$ 571,492	\$ 571,492	\$ 576,531	\$ 5,039
<u>State Shared Revenue</u>	305,000	291,000	298,009	7,009
<u>Licenses, Permits & Fees</u>				
Tax Fees, Penalties & Interest	10,000	10,000	13,026	3,026
Liquor Licenses	2,217	2,222	2,171	(51)
Zoning Permits & Site Plan Review	5,000	11,460	18,429	6,969
Police Fines & District Court Fees	5,525	5,525	7,676	2,151
Cable TV Franchise	8,702	8,702	14,219	5,517
<u>Total Licenses, Permits, & Fees</u>	31,444	37,909	55,521	17,612
<u>Charges for Services</u>				
Trash Collection	77,026	77,026	76,749	(277)
Police Contract	219,468	219,468	156,735	(62,733)
<u>Total Charges for Services</u>	296,494	296,494	233,484	(63,010)
<u>Miscellaneous Revenue</u>				
Refunds & Reimbursements	13,000	24,375	39,946	15,571
Miscellaneous	3,775	3,775	12,315	8,540
Donations/Homecoming	1,000	1,000	1,119	119
Park-Township/Grant	19,948	3,116	4,945	1,829
Cellular Land Lease	12,000	12,000	12,000	0
Police Grant	44,678	44,678	36,261	(8,417)
<u>Total Miscellaneous Revenues</u>	94,401	88,944	106,586	17,642
<u>Interest Earnings</u>	3,700	3,700	2,331	(1,369)
<u>Total Revenues</u>	\$ 1,302,531	\$ 1,289,539	\$ 1,272,462	\$ (17,077)

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Expenditures</u>				
<u>General Government</u>				
Legislative	\$ 6,246	\$ 6,246	\$ 5,139	\$ 1,107
Executive	72,572	72,708	69,443	3,265
General Administration	121,889	121,889	119,039	2,850
Central Municipal Activities	204,125	184,581	129,492	55,089
<u>Total General Government</u>	<u>404,832</u>	<u>385,424</u>	<u>323,113</u>	<u>62,311</u>
<u>Public Safety</u>				
Police Department	570,991	573,991	553,418	20,573
Planning & Zoning	7,468	7,468	14,955	(7,487)
<u>Total Public Safety</u>	<u>578,459</u>	<u>581,459</u>	<u>568,373</u>	<u>13,086</u>
<u>Public Works</u>				
Department of Public Works	117,412	119,940	93,094	26,846
Street Lighting	19,000	19,000	22,060	(3,060)
<u>Total Public Works</u>	<u>136,412</u>	<u>138,940</u>	<u>115,154</u>	<u>23,786</u>
<u>Sanitation</u>	<u>73,184</u>	<u>73,184</u>	<u>72,373</u>	<u>811</u>
<u>Park Maintenance/Pathway</u>	<u>19,298</u>	<u>19,298</u>	<u>17,837</u>	<u>1,461</u>
<u>Sanitary Sewer Collection Exp.</u>	<u>123,272</u>	<u>123,272</u>	<u>108,003</u>	<u>15,269</u>
<u>Total Expenditures</u>	<u>1,335,457</u>	<u>1,321,577</u>	<u>1,204,853</u>	<u>116,724</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(32,926)	(32,038)	67,609	99,647
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(27,074)	(27,962)	(28,929)	967
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(60,000)	(60,000)	38,680	98,680
<u>Fund Balance - July 1, 2003</u>	60,000	60,000	142,474	82,474
<u>Fund Balance - June 30, 2004</u>	\$ 0	\$ 0	\$ 181,154	\$ 181,154

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
Major Streets Fund
For The Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
State Shared Rev. - Gas & Wt. Tax	\$ 110,548	\$ 110,548	\$ 110,285	\$ (263)
State Trunk Line Maintenance	8,470	8,470	8,185	(285)
Interest Income	1,300	1,300	1,843	543
<u>Total Revenues</u>	120,318	120,318	120,313	(5)
<u>Expenditures</u>				
Salaries, Wages & Fringes	24,372	24,372	20,357	4,015
Professional Fees	500	500	400	100
Equipment Rental	22,000	22,000	30,522	(8,522)
Insurance	550	550	431	119
Street Paving	50,000	50,000	20,643	29,357
Contingency	42,896	42,896	991	41,905
Winter Maint. - Salt	2,500	2,500	1,988	512
Other Expenditures	30,500	30,500	2,732	27,768
<u>Total Expenditures</u>	173,318	173,318	78,064	95,254
<u>Excess of Revenues Over (Under) Expenditures</u>	(53,000)	(53,000)	42,249	95,249
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(27,000)	(27,000)	(10,395)	16,605
<u>Net Change in Fund Balance</u>	(80,000)	(80,000)	31,854	111,854
<u>Fund Balance - Beginning of Year</u>	80,000	80,000	80,597	597
<u>Fund Balance - End of Year</u>	\$ 0	\$ 0	\$ 112,451	\$ 112,451

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
Downtown Development Authority Fund
For The Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Property Taxes	\$ 154,317	\$ 154,317	\$ 136,322	\$ (17,995)
Interest Earnings	3,000	3,000	1,364	(1,636)
Other Revenues	0	0	125	125
<u>Total Revenues</u>	<u>157,317</u>	<u>157,317</u>	<u>137,811</u>	<u>(19,506)</u>
<u>Expenditures</u>				
Administration	24,600	24,600	12,913	11,687
Promotion - Business	4,600	4,600	2,899	1,701
Downtown Maintenance	42,000	42,000	14,677	27,323
Property Acquisition/Future Projects	22,000	22,000	20,870	1,130
Parking / Street Scape	189,500	189,500	13,847	175,653
Professional Fees	5,600	5,600	4,333	1,267
Debt Service - Principal	40,326	40,326	73,160	(32,834)
Debt Service - Interest	0	0	7,491	(7,491)
Capital Outlay & Land Contract Payments	133,234	133,234	53,121	80,113
<u>Total Expenditures</u>	<u>461,860</u>	<u>461,860</u>	<u>203,311</u>	<u>258,549</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(304,543)</u>	<u>(304,543)</u>	<u>(65,500)</u>	<u>239,043</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	0	0	0	0
<u>Net Change in Fund Balances</u>	<u>(304,543)</u>	<u>(304,543)</u>	<u>(65,500)</u>	<u>239,043</u>
<u>Fund Balances - Beginning of Year</u>	<u>304,543</u>	<u>304,543</u>	<u>304,543</u>	<u>0</u>
<u>Fund Balances - End of Year</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 239,043</u>	<u>\$ 239,043</u>

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
Waste Water Plant Debt Service Fund
For The Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 165,340	\$ 165,340	\$ 166,349	\$ 1,009
Interest Earnings	700	700	426	(274)
<u>Total Revenues</u>	166,040	166,040	166,775	735
<u>Expenditures</u>				
Paying Agent Fees	31,692	31,692	506	31,186
Principal	150,000	150,000	150,000	0
Interest	35,445	35,445	35,445	0
<u>Total Expenditures</u>	217,137	217,137	185,951	31,186
<u>Excess of Revenues Over (Under) Expenditures</u>	(51,097)	(51,097)	(19,176)	31,921
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	20,547	20,547	0	(20,547)
<u>Net Change in Fund Balance</u>	(30,550)	(30,550)	(19,176)	11,374
<u>Fund Balance - Beginning of Year</u>	30,550	30,550	32,784	2,234
<u>Fund Balance - End of Year</u>	\$ 0	\$ 0	\$ 13,608	\$ 13,608

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
Water System Improvement Debt Service Fund
For The Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 73,439	\$ 73,439	\$ 74,025	\$ 586
Interest Earnings	275	275	91	(184)
<u>Total Revenues</u>	73,714	73,714	74,116	402
<u>Expenditures</u>				
Paying Agent Fees	7,640	7,640	420	7,220
Principal	40,000	40,000	40,000	0
Interest	42,555	42,555	42,555	0
<u>Total Expenditures</u>	90,195	90,195	82,975	7,220
<u>Excess of Revenues Over (Under) Expenditures</u>	(16,481)	(16,481)	(8,859)	7,622
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	0	0	0	0
<u>Net Change in Fund Balance</u>	(16,481)	(16,481)	(8,859)	7,622
<u>Fund Balance - Beginning of Year</u>	16,481	16,481	16,463	(18)
<u>Fund Balance - End of Year</u>	\$ 0	\$ 0	\$ 7,604	\$ 7,604

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
W.W.T.P. Improvement Project Debt Service Fund
For The Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
User Fees	\$ 213,734	\$ 213,734	\$ 170,129	\$ (43,605)
Penalties	4,400	4,400	2,681	(1,719)
Interest Earnings	675	675	630	(45)
<u>Total Revenues</u>	<u>218,809</u>	<u>218,809</u>	<u>173,440</u>	<u>(45,369)</u>
<u>Expenditures</u>				
Paying Agent Fees	84,126	84,126	468	83,658
<u>Total Expenditures</u>	<u>84,126</u>	<u>84,126</u>	<u>468</u>	<u>83,658</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	134,683	134,683	172,972	38,289
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(226,683)	(226,683)	(175,653)	51,030
<u>Net Change in Fund Balance</u>	(92,000)	(92,000)	(2,681)	89,319
<u>Fund Balance - Beginning of Year</u>	92,000	92,000	177,254	85,254
<u>Fund Balance - End of Year</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 174,573</u>	<u>\$ 174,573</u>

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
W.W.T.P. Improvement Capital Project Fund
For The Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Grant Proceeds	\$ 0	\$ 126,138	\$ 126,138	\$ 0
Interest Earnings	25	45	5,142	5,097
<u>Total Revenues</u>	25	126,183	131,280	5,097
<u>Expenditures</u>				
Construction	320,507	320,507	328,011	(7,504)
Engineering	0	0	0	0
<u>Total Expenditures</u>	320,507	320,507	328,011	(7,504)
<u>Excess of Revenues Over (Under) Expenditures</u>	(320,482)	(194,324)	(196,731)	(2,407)
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	0	0	(214)	(214)
<u>Net Change in Fund Balance</u>	(320,482)	(194,324)	(196,945)	(2,621)
<u>Fund Balance - Beginning of Year</u>	320,482	194,324	781,318	586,994
<u>Fund Balance - End of Year</u>	\$ 0	\$ 0	\$ 584,373	\$ 584,373

Other Supplemental Information

Village of Almont

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Capital Project			
	Special Revenue Funds		Debt Service Funds	
	Funds		Funds	
	Local Streets Fund	Inspection Fund	M-53 Sewer Leads Debt Service Fund	Municipal Building Debt Service Fund
<u>Assets</u>				
Cash & Cash Equivalents	\$ 17,047	\$ 1,897	\$ 1,864	\$ 1,027
Accounts Receivable	0	0	0	0
Due From Other Funds	0	0	0	0
<u>Total Assets</u>	<u>\$ 17,047</u>	<u>\$ 1,897</u>	<u>\$ 1,864</u>	<u>\$ 1,027</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,737	\$ 1,269	\$ 0	0
<u>Fund Balances</u>				
Fund Balances - Unreserved	15,310	628	1,864	1,027
<u>Total Liab. & Fund Balances</u>	<u>\$ 17,047</u>	<u>\$ 1,897</u>	<u>\$ 1,864</u>	<u>\$ 1,027</u>

Village of Almont

Other Supplemental Information Combining Statement of Revenues, Expenditures And Changes in Fund Balances - Nonmajor Governmental Funds For The Year Ended June 30, 2004

	Special Revenue Funds		Capital Project		Debt Service Funds			Total Nonmajor Governmental Funds
	Local Streets Fund	Inspection Fund	Capital Improvement Fund	Fund	M-53 Sewer Leads Debt Service Fund	Municipal Building Debt Service Fund		
Revenues								
Property Taxes	\$ 0	\$ 0	\$ 0		\$ 0	\$ 0		\$ 0
State Shared Rev. - Gas & Wt. Tax	48,742	0	0		0	0		48,742
Licenses, Fees, & Permits	0	27,334	0		0	0		27,334
Interest Earnings	242	44	10		15	30		341
<u>Total Revenues</u>	<u>48,984</u>	<u>27,378</u>	<u>10</u>		<u>15</u>	<u>30</u>		<u>76,417</u>
Expenditures								
Public Safety	0	26,076	0		0	0		26,076
Public Works	36,409	0	0		315	0		36,724
Capital Outlay	34,596	0	0		0	0		34,596
Debt Service:								
Principal	0	0	0		8,000	14,742		22,742
Interest	0	0	0		3,009	6,331		9,340
<u>Total Expenditures</u>	<u>71,005</u>	<u>26,076</u>	<u>0</u>		<u>11,324</u>	<u>21,073</u>		<u>129,478</u>
Excess of Revenues Over (Under)	(22,021)	1,302	10		(11,309)	(21,043)		(53,061)
Expenditures								
Transfers In (Out)	27,000	1,182	(15,841)		12,000	21,074		45,415
Net Change in Fund Balances	4,979	2,484	(15,831)		691	31		(7,646)
Fund Balances - Beginning of Year	10,331	(1,856)	15,831		1,173	996		26,475
Fund Balances - End of Year	\$ 15,310	\$ 628	\$ 0		\$ 1,864	\$ 1,027		\$ 18,829

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2004

General Obligation Bonds & Contracts

Lapeer County Wastewater Treatment System
(Village of Almont) Refunding Bonds

Dated February 1, 1993
Original Issue \$1,885,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2004	2003	
8.3%	5/1/2004	\$ 0	\$ 150,000	\$ 0
8.4%	5/1/2005	170,000	170,000	27,495
7.0%	5/1/2006	165,000	165,000	18,315
7.0%	5/1/2007	165,000	165,000	9,240
<u>Total W.W.T.S. Bonds</u>		<u>\$ 500,000</u>	<u>\$ 650,000</u>	<u>\$ 55,050</u>

Village of Almont Water Supply System
Improvement Bond, Series 1996

Dated May 1, 1996
Original Issue \$995,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2004	2003	
5.0%	10/1/2003	\$ 0	\$ 40,000	\$ 0
5.1%	10/1/2004	40,000	40,000	40,535
5.2%	10/1/2005	45,000	45,000	38,345
5.3%	10/1/2006	50,000	50,000	35,850
5.4%	10/1/2007	50,000	50,000	33,175
5.5%	10/1/2008	55,000	55,000	30,313
5.6%	10/1/2009	55,000	55,000	27,260
5.7%	10/1/2010	60,000	60,000	24,010
5.8%	10/1/2011	65,000	65,000	20,415
5.9%	10/1/2012	70,000	70,000	16,465
6.0%	10/1/2013	75,000	75,000	12,150
6.0%	10/1/2014	80,000	80,000	7,500
6.0%	10/1/2015	85,000	85,000	2,550
<u>Total W.W.T.S. Bonds</u>		<u>\$ 730,000</u>	<u>\$ 770,000</u>	<u>\$ 288,568</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2004

Village of Almont M-53 Sewer Leads,
County of Lapeer, Sewage Disposal

Dated 2000
Original Issue \$90,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2004	2003	
4.20%	11/1/2003	\$ 0	\$ 8,000	\$ 0
4.30%	5/1/2004	0	0	0
4.30%	11/1/2004	9,000	9,000	1,419
4.40%	5/1/2005	0	0	1,221
4.40%	11/1/2005	9,000	9,000	1,221
4.50%	5/1/2006	0	0	1,018
4.50%	11/1/2006	10,000	10,000	1,018
4.60%	5/1/2007	0	0	788
4.60%	11/1/2007	10,000	10,000	788
4.65%	5/1/2008	0	0	555
4.65%	11/1/2008	11,000	11,000	555
5.00%	5/1/2009	0	0	281
5.10%	11/1/2009	11,000	11,000	281
<u>Total M-53 Sewer Leads Bonds</u>		<u>\$ 60,000</u>	<u>\$ 68,000</u>	<u>\$ 9,145</u>

Installment Purchase Contract Payable
-Municipal Building Addition

Dated August 7, 2001
Original Issue \$170,500

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2004	2003	
4.05%	8/1/2003	\$ 0	\$ 14,742	\$ 0
4.05%	8/1/2004	15,339	15,339	5,734
4.05%	8/1/2005	15,960	15,960	5,113
4.05%	8/1/2006	16,607	16,607	4,467
4.05%	8/1/2007	17,279	17,279	3,794
4.05%	8/1/2008	17,979	17,979	3,094
4.05%	8/1/2009	18,707	18,707	2,366
4.05%	8/1/2010	19,465	19,465	1,609
4.05%	8/1/2011	20,254	20,254	820
<u>Total Installment Purchase Contract Payable</u>		<u>\$ 141,590</u>	<u>\$ 156,332</u>	<u>\$ 26,997</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2004

Lapeer County Sewage Disposal Bonds
W.W.T.P. Improvement Project

Dated February 5, 2002
Original Issue \$2,255,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2004	2003	
3.750%	12/1/2004	\$ 75,000	\$ 75,000	\$ 97,840
3.750%	12/1/2005	80,000	80,000	94,934
3.750%	12/1/2006	80,000	80,000	91,933
4.000%	12/1/2007	85,000	85,000	88,733
4.125%	12/1/2008	85,000	85,000	85,280
4.250%	12/1/2009	90,000	90,000	81,616
4.400%	12/1/2010	95,000	95,000	77,613
4.500%	12/1/2011	100,000	100,000	73,273
4.500%	12/1/2012	105,000	105,000	68,660
4.500%	12/1/2013	110,000	110,000	63,822
4.600%	12/1/2014	115,000	115,000	58,702
4.750%	12/1/2015	120,000	120,000	53,207
4.750%	12/1/2016	125,000	125,000	47,389
4.750%	12/1/2017	135,000	135,000	41,214
4.800%	12/1/2018	140,000	140,000	34,647
4.850%	12/1/2019	145,000	145,000	27,771
4.900%	12/1/2020	155,000	155,000	20,458
4.900%	12/1/2021	165,000	165,000	12,618
4.900%	12/1/2022	175,000	175,000	4,288
<u>Total Sewage Disposal Bonds</u>		<u>\$ 2,180,000</u>	<u>\$ 2,180,000</u>	<u>\$ 1,123,998</u>
<u>Total General Obligation Bonds & Contracts</u>		<u>\$ 3,611,590</u>	<u>\$ 3,824,332</u>	<u>\$ 1,503,758</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2004

Downtown Development Authority Bonds & Contracts

Streetscape Installment Contract

Dated May 26, 1999

Original Issue \$323,043

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2004	2003	
4.25%	7/1/2003	\$ 0	\$ 35,219	\$ 0
4.25%	7/1/2004	0	37,941	0
4.25%	7/1/2005	18,242	18,242	772
<u>Total Installment Contract</u>		<u>\$ 18,242</u>	<u>\$ 91,402</u>	<u>\$ 772</u>

Land Contract

Purchase of 125 N. Main Street

Almont, Michigan

Dated 2004

Original Issue \$127,500

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2004	2003	
7.0%	6/30/2005	\$ 3,296	\$ 10,838	\$ 9,555
7.0%	6/30/2006	3,271	0	8,591
7.0%	6/30/2007	3,508	0	8,354
7.0%	6/30/2008	3,762	0	8,100
7.0%	6/30/2009	113,663	0	7,188
<u>Total Land Contract</u>		<u>\$ 127,500</u>	<u>\$ 10,838</u>	<u>\$ 41,788</u>

**Total Downtown Development
Authority Bonds and Contracts**

<u>\$ 145,742</u>	<u>\$ 102,240</u>	<u>\$ 42,560</u>
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LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

3078 S. MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
Fax 989-635-5580

August 29, 2004

Honorable Village Council
Village of Almont
Almont, Michigan

In accordance with your request, I have made an examination of the financial statements of the Village of Almont for the fiscal year ended, June 30, 2004.

There are a number of Interfund Receivables and Payables (amounts owing from one Village fund to another Village fund). These amounts should be repaid as soon as practicable.

From an overall viewpoint, the Village of Almont is in good financial condition, and the financial records maintained by the Village Clerk are in good order.

I thank the Village officials and employees for the cooperation I received in the completion of this examination.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant